UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration
Finance Division
Washington 25, D.C.

DEFERRED CHARGES AND CREDITS

Text No. 8

1. TREATMENT OF DEFERRED CHARGES

As we have already seen, the cost of any service or commodity consumed in operations of the current period is regarded as a nominal element to be closed out to Profit and Loss. But sometimes all of the services paid for have not been received or all of the commodities purchased for use have not been consumed at the closing date. In this event, the so-called unconsumed portion of the cost is regarded as a real element to be shown on the balance sheet and carried over into the next accounting period. The real element arising from a situation of this kind is known as a deferred charge to expense, or as a prepaid expense. Common examples are found in transactions involving; first, rent, insurance, interest and other items paid in advance; second, supplies for store, office, or factory. At the close of an accounting period, any unconsumed portion of these expenditures is a deferred charge to profit and loss.

It is worthwhile to notice that certain items which are classified as deferred charges do not fall squarely within the explanation given above for prepaid expenses. Cases may arise where the benefit of the expenditure may extend into a succeeding fiscal period even though the service contracted for has been received. In these cases, some consider it equitable to spread the charge over several periods rather than burden one period for the entire expense. For example, a concern conducts an extensive advertising campaign costing several times the amount normally spent on advertising during any fiscal period. The benefits accruing from this advertising will last for, say, two or three years. The equitable procedure probably would be to charge a proportionate amount of this advertising cost to expense of the current period and to carry over the balance, writing it off as expense of succeeding periods. This is particularly true when nominal accounts are closed monthly or quarterly. The point is not so much that deferred advertising is an asset but that it is desirable to spread the expense over several fiscal periods. Another example is the expense connected with the issuance of mortgage bonds payable. Inasmuch as the money is borrowed for use over a period of years, it is considered preferable to prorate the cost of obtaining the funds over the same period of years.

All deferred charges ultimately become expenses. A real element, asset, is gradually converted into a nominal element, expense. The account used to record the expenditure regardless of its title, at first represents real value; later it represents both real and nominal values; finally it is purely a nominal element. Because we have no account titles by which to designate mixed accounts, it follows that the expenditure must be conceived of originally either as an expense or as an asset and so recorded. In adjusting the books at the close of an accounting period, it is necessary to consider whether the prepayment

was originally set up as an asset or as an expense. If an asset account was used to record the prepayment, the adjustment necessitates the transfer of the nominal element to a new account; if an expense account was used to record the prepayment, the adjustment necessitates the transfer of the real element to a new account. In either case, the nominal element is closed to Profit and Loss and the real element remains on the books to be shown in the balance sheet as an asset item.

2. SUPPLIES

Various commodities, such as stationery, wrapping paper and twine, lubricants for machinery, fuel, etc., may be purchased for use in operating a business. The purchase of any such items will give rise to a deferred charge to expense if they are not entirely used up at the time the books are closed. The usual procedure is to take an inventory of supplies at the end of the accounting period and to charge the excess of supplies purchased over supplies now on hand to Profit and Loss as expense.

For example, a business on October 15 purchased wood and coal in the amount of $150 to be used for heating. When the books were closed December 31, it was found that approximately one-third of the fuel purchased was still on hand. The fuel consumed ($100) represents an expense chargeable to Profit and Loss for the current period while the value of fuel on hand ($50) is a deferred charge to be converted into expense as it is used during the next accounting period.

Method I

Assume that the bookkeeper made the following entry when the fuel was purchased:

October 15	DR.	CR.
Fuel	$150.00	
Cash		$150.00
Wood and coal purchased for heating per invoice of X.Y.Z. Co., dated October 15, 19--.		

First, it is necessary to decide whether the Fuel account is an expense account or an asset account. The title "Fuel," does not indicate which was intended and it probably would be advisable to add the word "Inventory" or "Expense" to the title in order that it be clear on this point. Since the account originally represents an asset value, let us make the title "Fuel Inventory" and consider it an asset account. What is the adjusting entry at December 31 to separate this mixed account into its real and nominal elements? Since the account is considered real, its balance should represent the amount of fuel on hand, and the nominal element, fuel used, should be transferred to a new account:

		Dr.	Cr.
	December 31		
Fuel Expense		$100.00	
Fuel Inventory			$100.00
To remove the expense element from the Fuel Inventory account balance at December 31, 19--.			

The ledger accounts affected would appear as follows:

Fuel Inventory

Oct. 15	$150	:	Dec. 31	$100
		:	Balance	50
On hand	$ 50	:		

Fuel Expense

Dec. 31 Used	$100	:	Dec. 31 P&L	$100

The Fuel Inventory account before the adjusting entry was posted was a mixed account. Now it stands with a debit balance of $50 representing an asset value. It remains open after the books are closed and will appear on the balance sheet with other assets. This account in the next period will become a mixed account again as soon as some fuel has been consumed and will have to be adjusted at the close of the period. The Fuel Expense account is closed out to Profit and Loss for the current period.

Method II

Using the same facts as a basis for illustration, assume that the account used originally to record the expenditure for fuel is nominal, that is "Fuel Expense." What is the adjusting entry December 31? Since the account used in the entry October 15 is considered nominal, its balance should be the expense item fuel used, and the real element of fuel on hand should be transferred to a new account:

		Dr.	Cr.
	December 31		
Fuel Inventory		$50.00	
Fuel Expense			$50.00
To transfer the fuel on hand from the Fuel Expense account.			

After posting the adjusting entry, the accounts affected will show the following:

Fuel Expense

Oct. 15	$150	:	Dec. 31 Inv.	$50

Fuel Inventory

Dec. 31 On Hand	$50	:	

The effect of this adjusting entry is to transfer the real element to the Fuel Inventory account, leaving a balance of $100 in the Fuel Expense account that can be closed out to Profit and Loss.

At the beginning of the next fiscal period, the Fuel Inventory account has a debit balance of $50. This should be transferred to the Fuel Expense account by reversal entry as follows:

	January 1	DR.	CR.
Fuel Expense		$50.00	
Fuel Inventory			$50.00
To reverse the adjusting entry thus reopening the expense account.			

The reason for making this reversal entry may not be at first apparent. But assume that additional fuel is purchased during the month of January, and that the usual entry is made to record the purchase of fuel:

Fuel Expense	xxx	
Cash		xxx

If the reversal were not entered, there would be two accounts open on the books for the same item; that is, Fuel Inventory and Fuel Expense. In order to keep the accounts consistent and to avoid the presence of two accounts of similar nature on the books at the close of the new period, the reversal entry is necessary. The effect is to keep all data pertaining to fuel in one account, Fuel Expense, during the period.

Under Method I this reversal was not required because all purchases of fuel were debited to the Fuel Inventory account and the nominal account Fuel Expense appeared on the books only as a result of adjustment and was immediately closed out to Profit and Loss.

Under Method II the accounts would appear as follows after posting the reversal entry:

Fuel Expense

Oct. 15	$150	Dec. 31 Inv.	$ 50
		Dec. 31 P&L	100
Jan. 1	$ 50		

Fuel Inventory

Dec. 31 On hand	$50	Jan 1	$50

3. PREPAID EXPENSES

Deferred charges to expense may result, also, from transactions involving the purchase of services. The purchase of an insurance policy is a typical example. In most instances insurance is paid for in advance. The premium paid represents the purchase of service in the form of insurance protection. As time goes on and the service contracted for is received, the amount of the payment is gradually converted into an expense.

As in the case of supplies, the amount of insurance premium paid may be set up either as an asset or as an expense. In other words, some bookkeepers charge

the premium paid to the Insurance Expense account; others charge an asset account, Prepaid Insurance. For example, on January 2, 1945, a premium of $90 is paid on a three-year fire insurance policy. How will this be treated in the books?

Method I

January 2, 1945		
Prepaid Insurance	$90.00	
Cash		$90.00
Premium for fire insurance for three years, beginning January 2, 1945.		

Inasmuch as the expenditure is charged to an asset account originally, the expense element must be transferred to a nominal account at the close of each accounting period.

December 31, 1945		
Insurance Expired	$30.00	
Prepaid Insurance		$30.00
To remove the expense element from the asset account for the year, 1945.		

The Insurance Expired account balance is then closed to the Profit and Loss account, while the $60 balance of Prepaid Insurance appears on the balance sheet. Because any additional insurance premiums paid will be charged to the Prepaid Insurance account, no reversal entry is necessary. The accounts show:

Prepaid Insurance			
1-2-45	$90	12-31-45	$30

Insurance Expired			
12-31-45	$30	12-31-45 P&L	$30

Method II

January 2, 1945		
Insurance (expense)	$90.00	
Cash		$90.00
Fire insurance premium for three years, beginning January 2, 1945.		

Inasmuch as the expenditure under this procedure is charged to a nominal account originally, the real element must be transferred at the close of the accounting period:

December 31, 1945		
Prepaid Insurance	$60.00	
Insurance		$60.00
To transfer the asset element from the insurance expense account.		

The balance of $30 in the Insurance account is then closed to Profit and Loss, and the Prepaid Insurance account remains open, appearing on the balance sheet. Inasmuch as a nominal account is used to record expenditures for insurance, the adjusting entry is subject to reversal at the beginning of the next period:

January 1, 1946		
Insurance	$60.00	
Prepaid Insurance		$60.00
To reopen the insurance expense account.		

The reversal entry is required because any subsequent payments for insurance should be charged to the Insurance Account, and the possibility of having two like accounts open on the books during the period should be avoided. The accounts appear as follows:

Insurance

1-2-45	$90	:	12-31-45 Ppd.	$60
		:	12-31-45 P&L	30
1-1-46	$60	:		

Prepaid Insurance

12-31-45	$60	:	1-1-46	$60

Other items such as rent, interest, commissions, taxes, etc., may be paid for in advance. If these are charged to an expense account at the time of prepayment, any asset element remaining at the close of the period should be deferred by the proper adjusting entry, and the expense account should be reopened at the beginning of the next accounting period by reversal. If prepayments are charged to asset accounts, the expense elements are removed by adjustment at the end of the period and closed to Profit and Loss account.

In the REA accounting procedure, prepayments of expense are ordinarily charged to the asset account, and the nominal element is transferred to the expense account monthly even though the books are closed but once a year.

4. LONG-TERM DEFERRED CHARGES

One characteristic of prepaid expense items--such as supplies on hand, prepaid interest, rent, unexpired insurance, etc.,--is that these items become charges to expense within a relatively short period of time. Further, these are ordinary and recurring expenses of business operations. Prepaid expenses also may have a realizable value if the supplies are not used or the services are not received as agreed.

In contrast to prepaid expenses, there are long-term deferred charges, such as deferred advertising, bond issuance expense, organization and development expenses and so forth. These have little or no real asset value and are deferred mainly to distribute the charge to expense over a number of accounting periods. As an illustration, assume that a business is borrowing $100,000 for a ten-year period by the issuance of mortgage bonds payable, and in connection with this transaction incurs legal fees and other expenses amounting to $1,500. Is it advisable to charge this expenditure against the income of a single period?

Since the money is borrowed for use over a period of ten years, the accepted procedure is to charge off $150 a year to expense and to carry the balance as a deferred charge.

In accounting for long-term deferred charges, the same principles apply as in the case of prepaid expenses. However, there is a tendency to consider these expenditures as deferred charges (real) in the original entry. Therefore, the adjusting entry would be to remove the nominal or expense element from the account. Entries in the example given would be:

Deferred Mortgage Expense	$1,500	
Cash		$1,500
To record legal and other expenses paid for issuance of ten-year mortgage bonds.		
(End of Year)		
Mortgage Issuance Expense	$ 150	
Deferred Mortgage Expense		$ 150
To write off proportionate amount of mortgage bonds issuance expense.		

Entries of the second type would be made at the close of each year until the entire $1,500 had been charged to Profit and Loss. These expenses may be considered as part of the cost of borrowing the money, along with interest paid. Of course, it is possible to charge a nominal account for the original expenditure and set up the deferred charge remaining at the end of each year, reopening the expense account by reversal of the adjusting entry.

5. TREATMENT OF DEFERRED CREDITS TO INCOME

A deferred credit is just the opposite of a deferred charge. A deferred credit is a liability that is gradually being converted into income on the basis of services rendered or lapse of time, while a deferred charge is an asset item that is gradually being absorbed in expense on the basis of services, benefits received or time elapsed. It may be that a deferred charge on the books of one party to a given transaction is a deferred credit on the books of the other party. For example, suppose a bank discounts a customer's $5,000 non-interest bearing note for three months at 6% on December 1. The discount would be $75. Study this transaction from the viewpoint of the customer whose books are closed at December 31; it is apparent that only one-third of the service contracted for has been received. Therefore, the amount debited to expense should be 1/3 of $75 or $25, leaving $50 to be carried over to the next year as a deferred charge or asset. Now, let us view the same transaction as it relates to the books of the bank. If its records are closed December 31, is it not clear that only one month's use of the borrowed money has been delivered? Hence the amount credited to income should be $25, leaving $50 unearned which cannot be considered income until the succeeding period. The unearned income is a special kind of liability. Inasmuch as this will be

converted into income by services rendered in the next period, it is called a deferred credit to income and is so shown on the balance sheet at the end of the current year.

From what has been said, the reader will understand that whenever payment for services is collected in advance--such services to be rendered partly in the current period and partly in the next period--a deferred credit adjustment will be necessary when the books are closed. Common examples include interest, rent, fees, etc., which are collected in advance. In addition to deferred credits that become income merely with the lapse of time, there are items which are earned upon the delivery of goods, such as subscriptions collected in advance by newspaper and magazine publishers.

Deferred credits are known as deferred liabilities. The question arises, what is the liability involved in an item of this kind? The liability here is the obligation of the seller to render a service or to deliver a commodity in accordance with the terms of the contract with the buyer. If this obligation is not fulfilled, the buyer may, through legal proceedings, obtain a judgment against the seller. Inasmuch as a judgment is a true liability and since it changes the form but not the inherent nature of the original claim, it appears obvious that the two items are essentially the same. Then, what is the distinction between a true liability and a deferred liability? Normally the former is discharged by the payment of cash, while the latter is canceled by the rendering of services or the delivery of commodities, resulting in a credit to income.

6. ACCOUNTING TREATMENT OF DEFERRED CREDITS

The accounting procedure for deferred charges and deferred credits involves essentially the same principle. The only material difference is that one deals with a liability which is gradually being transformed into income, while the other deals with an asset which is gradually being reduced to an expense.

In recording any advance collection creating a deferred credit, the amount collected must be originally considered either as a liability or as an income item and set up on the books accordingly. In adjusting the books at the close of an accounting period, the adjusting entry will depend upon the bookkeeper's viewpoint. If a liability account is used to record the collection, an adjusting entry is necessary to effect the transfer of the nominal or income element to a new account, leaving the balance of the liability in the original account. If an income account is used originally, the adjustment transfers the real or liability element to a new account, and the nominal or income balance of the old account is closed to Profit and Loss. In the latter case, a reversal entry will be necessary at the beginning of the following period to reopen the income account.

To illustrate, let us consider subscriptions collected in advance by a magazine publisher. During the year, a total of $100,000 is collected in advance for one-year subscriptions and three-year subscriptions. The books are closed

December 31 at which time it is determined that the amount of subscriptions in advance total $35,000. What would the journal entries be under the alternative procedure?

If a real or liability account is used to record the credit offsetting cash collections, the original entry and adjustment would be:

Cash	$100,000	
Unearned Subscriptions		$100,000
Subscriptions collected in advance.		
December 31		
Unearned Subscriptions	65,000	
Subscription Income		65,000
Subscriptions earned for the year.		

Before the adjusting entry the Unearned Subscriptions account was a mixed account, consisting of a liability and an income element. Now it has a credit balance representing a real value--the obligation to deliver magazines paid for in advance. The Subscription Income account is purely nominal and will be closed to Profit and Loss.

Unearned Subscriptions	
Dec. 31 $65,000	Collection $100,000

Subscription Income	
Dec. 31 P&L $65,000	Dec. 31 $65,000

Under the alternative procedure, a nominal account is credited when collections are made. The entry and adjustment would be:

Cash	$100,000	
Subscription Income		$100,000
Subscriptions collected in advance.		
December 31		
Subscription Income	35,000	
Unearned Subscriptions		35,000
Subscriptions paid in advance transferred to liability account.		

After the adjusting entry is posted, the balance of Subscription Income is purely nominal and may be closed to Profit and Loss. The Unearned Subscriptions account remains open and appears on the balance sheet as a deferred credit to income. At January 1, it is necessary to reopen the nominal account by reversal of the adjustment, because any subscriptions collected in the new year will be credited to Subscription Income. The reversal thus avoids having two mixed accounts on the books at one time:

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January 1		
Unearned Subscriptions	$35,000	
Subscriptions Income		$35,000
To transfer advance subscriptions back to the nominal account.		

Subscription Income

Dec. 31		$35,000	:	Collected	$100,000
Dec. 31	P&L	65,000	:		
			:	Jan. 1	$35,000

Unearned Subscriptions

Jan 1	$35,000	:	Dec. 31	$35,000

The procedure illustrated for subscriptions collected in advance may be applied to other types of transactions of similar nature, the adjustment at the close of the period being determined by the type of account, real or nominal, used in the original entries for the collections.

As in the case of deferred charges to expense, REA accounting calls for the original credit in a deferred credit entry to be made to the real account. Therefore, the full amount of the income to be received is credited to the liability account, and the earned portion is transferred monthly to the nominal or income account.

7. ILLUSTRATIVE PROBLEM AND SOLUTION

A study will now be made of the following trial balance representing the account balances of a mercantile concern at the end of the month:

Jim Mann
Trial Balance, June 30, 19--

Cash	$3,000	
Accounts Receivable	8,000	
Notes Receivable	2,500	
Reserve for Uncollectible Accounts		$ 40
Merchandise Inventory (May 31)	3,000	
Furniture and Fixtures	1,000	
Reserve for Depr. of F. & F.		50
Building	8,000	
Reserve for Depr. of Building		150
Accounts Payable		5,040
Mortgage Payable		6,000
Jim Mann, Capital		12,970
Jim Mann, Personal	320	
Sales		9,200
Sales Returns and Allowances	150	
Purchases	7,000	
Freight and Cartage In	60	
Wages	300	
General Expenses	150	

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Trial Balance of Jim Mann (Cont'd.)

Insurance	$ 120	
Rent Income		$ 150
	$33,600	$33,600

Using the following data as a basis for adjustments, prepare in journal form the adjusting entries for Jim Mann as of June 30:

(A) Merchandise inventory June 30 $2,400.
(B) Depreciation, building $30, furniture and fixtures $10.
(C) Reserve for Uncollectible Accounts to be increased to 1% of all receivables.
(D) Unexpired insurance is $110.
(E) Of the Rent Income, one-third is earned in the current month.
(F) Taxes Accrued $80.
(G) Mortgage interest accrued for month $30.
(H) Interest accrued on notes receivable $10.

June 30, 19--

(A)		
Merchandise Inventory	2 400 00	
Purchases		2 400 00
To record closing inventory and remove asset element from Purchases.		
(B)		
Depreciation (expense)	40 00	
Reserve for Depreciation of F. & F.		10 00
Reserve for Depreciation of Building		30 00
Estimated depreciation for the month of June, 19--.		
(C)		
Uncollectible Accounts	65 00	
Reserve for Uncollectible Accounts		65 00
Estimated loss 1% of $10,500 receivables less $40 credit balance in reserve.		
(D)		
Prepaid Insurance	110 00	
Insurance		110 00
To record unexpired insurance premium at June 30, 19--.		
(E)		
Rent Income	100 00	
Unearned Rent Income		100 00
To defer rent collected in advance.		

June 30, 19--

(F)		
Taxes	80 00	
Accrued Taxes Payable		80 00
Taxes accrued for the month of June, 19--.		
(G)		
Interest Expense	30 00	
Accrued Interest Payable		30 00
Interest accrued on mortgage for month of June, 19--.		
(H)		
Accrued Interest Receivable	10 00	
Interest Income		10 00
Interest Accrued on notes receivable for period ending June 30, 19--.		

For reference, adjusting entries may be keyed with letters or numbers. The transfer of opening inventory and freight to Purchases and the transfer of returns and allowances to Sales will be treated as closing entries.

8. THE WORK SHEET

After determining adjusting entries to be made, the procedure may vary. If the books are to be formally closed, adjusting entries are made in the journal and posted to the general ledger as a preliminary step in the closing process. After these entries are posted, an adjusted trial balance can be taken which consists of account balances that are either real or nominal and reflect the data essential to the preparation of a balance sheet and profit and loss statement. Under this plan, the next step would be to prepare the closing journal entries, a subject that will be taken up later.

But suppose that it is desired to prepare final statements before formally adjusting and closing the books. Then the adjusting entries may be set up on a sheet of paper as illustrated and their effect shown on a work sheet similar to that given on page 14. When a work sheet is used in this manner, each adjustment should be keyed with a figure or letter to show at a glance the related debits and credits.

A work sheet is used as an aid in closing the books and preparing statements, and to test the accuracy of the bookkeeping records. The foundation of the work sheet is the pre-closing trial balance of the ledger accounts which is shown in the first pair of money columns. The second pair of columns contains the adjusting entries. The adjusted trial balance, which appears in the third pair of columns, is obtained by combining the values of the pre-closing trial balance with those shown in the adjustments columns. Needless to say, this adjusted trial balance is similar in every respect to one taken from the books

of account after posting adjusting journal entries. After the work sheet is prepared to show the adjusted trial balance, the only problem that remains is to extend the nominal elements into the profit and loss columns and the real elements to the balance sheet columns. The arrangement of nominal and real values in preparing statements will be considered in the following text.

Although statements can be prepared at any time adjusting data are available by using a work sheet, it must be borne in mind that this does not obviate the necessity of entering and posting the adjusting and closing entries at the end of a fiscal period. After a work sheet has been prepared, the columns for adjustments may be used as a guide in making the adjusting entries in the journal, and the profit and loss columns are an aid in preparing closing entries. The real accounts that remain open in the ledger after posting should agree with the amounts in the balance sheet columns of the work sheet which, in effect, is equivalent to a post-closing trial balance.

The advantages of using a work sheet may be summed up briefly as follows: (1) the adjusting procedure is less difficult because the work sheet provides the bookkeeper with a picture of the ledger accounts; (2) the mechanical accuracy of the books is verified before the formal journal entries are made--there is less possibility of incorporating into the books errors which will subsequently require correction; (3) the preparation of final statements is facilitated.

Jim Mann Work Sheet June 30, 19-- Text No. 8

Account Titles	Pre-Closing Trial Balance Debit	Pre-Closing Trial Balance Credit	Adjustments Debit	Adjustments Credit	Adjusted Trial Balance Debit	Adjusted Trial Balance Credit	Profit and Loss Debit	Profit and Loss Credit	Balance Sheet Debit	Balance Sheet Credit
Cash	3,000 00				3,000 00				3,000 00	
Accounts Receivable	8,000 00				8,000 00				8,000 00	
Notes Receivable	2,500 00				2,500 00				2,500 00	
Reserve for Uncollectible Accounts		40 00		(C) 65 00		105 00				105 00
Merchandise Inventory	3,000 00		(A) 2,400 00		5,400 00		3,000 00		2,400 00	
Furniture and Fixtures	1,000 00				1,000 00				1,000 00	
Res. for Depr. of F. & F.		50 00		(3) 10 00		60 00				60 00
Building	8,000 00				8,000 00				8,000 00	
Res. for Depr. of Building		150 00		(B) 30 00		180 00				180 00
Accounts Payable		5,040 00				5,040 00				5,040 00
Mortgage Payable		6,000 00				6,000 00				6,000 00
Jim Mann, Capital		12,970 00				12,970 00				12,970 00
Jim Mann, Personal	320 00				320 00				320 00	
Sales		9,200 00				9,200 00		9,200 00		
Sales Returns & Allowances	150 00				150 00		150 00			
Purchases	7,000 00			(A) 2,400 00	4,600 00		7,000 00	2,400 00		
Freight and Cartage In	60 00				60 00		60 00			
Wages	300 00				300 00		300 00			
General Expenses	150 00				150 00		150 00			
Insurance	120 00			(D) 110 00	10 00		10 00			
Rent Income		150 00	(E) 100 00			50 00		50 00		
	33,600 00	33,600 00								
(New Accounts)										
Depreciation (expense)			(B) 40 00		40 00		40 00			
Uncollectible Accounts			(C) 65 00		65 00		65 00			
Prepaid Insurance			(D) 110 00		110 00				110 00	
Unearned Rent Income				(E) 100 00		100 00				100 00
Taxes			(F) 80 00		80 00		80 00			
Accrued Taxes Payable				(F) 80 00		80 00				80 00
Interest Expense			(G) 30 00		30 00		30 00			
Accrued Interest Payable				(G) 30 00		30 00				30 00
Accrued Interest Receivable			(H) 10 00		10 00				10 00	
Interest Income				(H) 10 00		10 00		10 00		
			2,835 00	2,835 00	33,825 00	33,825 00	10,885 00	11,660 00	25,340 00	24,565 00
Net Income for the Period							775 00			775 00
							11,660 00	11,660 00	25,340	25,340 00